



Dear Governor Corzine, members of the State Legislature and citizens of New Jersey:

Through its unique, dual role as the state's chief law enforcement agency and primary legal advisor to state government, the Department of Law and Public Safety touches the lives of virtually all New Jersey citizens.

Staffed by approximately 9,500 employees working in 10 divisions, the Department has a diverse and vital mission that includes responsibility for protecting communities, enforcing criminal and civil laws, defending state statutes and providing legal representation to state agencies.

In 2006, the Department pursued its mission on many fronts, with highlights including the launch of a comprehensive, statewide effort to reduce violent street gang activity and related drug trafficking, the use of technology to create state-of-the-art disaster management systems, and a vigorous campaign to identify and prosecute public corruption.

Among the significant gains for state law enforcement in 2006 was the "Nine Trey" sweep, a major investigative attack on gang activity. State Police, working in cooperation with local and federal authorities, arrested more than 60 members of the so-called "Nine Trey" gang, a violent subset of the Bloods operating in cities throughout New Jersey. The Nine Trey sweep was the largest single gang sweep operation in state law enforcement history, and was the culmination of an 11-month investigation. As a result of the effort, members and associates of the Nine Trey gang were charged with conspiracy, extortion, drug dealing and weapons traffic. Meanwhile, through a \$750,000 state appropriation, our anti-gun-violence initiative Operation Ceasefire continued to grow in 2006. Operation Ceasefire is a collaborative effort among law enforcement, community groups, and prosecutors to directly confront the problem of gun violence by stopping the next shooting. By mid-2007, we anticipate that the program will be fully operational in Newark/Irvington, Camden, Paterson, Trenton and Plainfield.

Among the Department's noteworthy public corruption cases in 2006 was Operation Slapshot, an investigation into illegal sports gambling by the Division of Criminal Justice and State Police that resulted in charges filed against a veteran New Jersey State Trooper, a former Philadelphia Flyers hockey player, and a resident of Gloucester County. The State Trooper, James Harney, ultimately resigned his position and pleaded guilty in August 2006 to gambling-related criminal charges.

The Gloucester county resident, James Ulmer, pleaded guilty to criminal charges in December 2006. As of year's end, Slapshot-related criminal charges remained pending against former Philadelphia Flyers hockey star Rick Tocchet. Investigators found that, during one 40-day period alone, the Philadelphia-South-Jersey betting ring took in \$1.7 million in illegal sports wagers.

The Division of Criminal Justice also prosecuted a former official of the New Jersey Department of Community Affairs in 2006 for allegedly stealing hundreds of thousands of dollars from the Union County Homelessness Prevention Program. The Prevention Program makes rent money available to eligible persons and families to help them avoid homelessness. Former program field representative Robin Wheeler Hicks pleaded guilty in March 2006 to bribery and theft charges, acknowledging that she submitted at least 428 false applications to the program totaling \$866,560. Eight other people and four corporations have also pleaded guilty in the case.

In another widely-reported public corruption case in 2006, Attorney General Stuart Rabner announced the indictment of former Carney's Point Township (Salem County) Mayor John "Mack" Lake on charges of official misconduct and bribery. Lake was charged in the indictment with offering a political opponent municipal government jobs in return for the opponent dropping his campaign for election to the township committee.

Meanwhile, work continued toward creating a new, state-of-the-art Regional Operations and Intelligence Center (ROIC) in 2006. Referred to as "The Rock," the Regional Operations and Intelligence Center is located on the site of State Police Division Headquarters and will cost approximately \$28 million – all of it state funding. Managed by the New Jersey State Police, the ROIC features state-of-the-art information technology and will serve as the state's official Emergency Operations Center when there is a natural disaster, an elevated homeland security threat level or other significant emergency. The ROIC is a disaster response hub for the future – a facility that can best inform decision-makers who are dealing with emergencies related to all types of hazard, from natural disaster to terrorist attack to flu pandemic and beyond. The ROIC also serves as a law enforcement intelligence data hub serving the state's anti-gang and anti-gun-violence efforts.

As of year's end, the New Jersey Office of Insurance Fraud Prosecutor (OIFP) had obtained 175 criminal convictions, and OIFP prosecutions had resulted in the sentencing of 18 defendants to state prison. Total criminal fines and penalties imposed as a result of OIFP prosecutions in 2006 topped \$124,000 for the year, and civil fines and penalties relative to Medicaid-fraud-related cases totaled approximately \$848,000. In one auto fraud case, the OIFP obtained an indictment charging a Pennsylvania man with multiple criminal counts related to the sale of stolen automobiles. Overall, the investigation uncovered a conspiracy to steal \$1 million or more through vehicle thefts and phony insurance company claims. If convicted, defendant Arthur Lipinski of Bethlehem, Pa., faces up to 10 years in state prison. As of year's end, the investigation was continuing.

The Department also acted to protect the environment in 2006 through a variety of criminal prosecutions and civil lawsuits.

On the criminal front, innovative use of New Jersey's criminal assault statute by the Department resulted in a guilty plea to assault charges by the exterminating firm Terminex International, and an agreement by the company to pay \$300,000 to the state's School Integrated Pest Management Program. (The program is a legislatively-mandated effort aimed at reducing or eliminating pesticide use in school settings.) Terminex pleaded guilty to assault in connection with a botched cocoa bean fumigation effort at a warehouse in Pennsauken, Camden County. State investigators who reviewed the incident found that the fumigation represented a gross misapplication of the chemical compound methyl bromide, and that all safety requirements for protective equipment and air testing had been ignored. Terminex agreed to pay the state \$80 million as part of a civil settlement related to the fumigation mishap. The Department's Division of Law was a participant in those settlement negotiations.

In another environmental prosecution by the Division of Criminal Justice, two managers for United Water Toms River Inc., George Flegal and Richard Ottens Jr., were indicted in 2006 on charges of tampering with public records and falsifying records for allegedly manipulating a water source during water quality testing. The two defendants are accused of trying to conceal the actual level of contaminants in the drinking water supplied by United Water.

Civilly, actions by the Division of Law in 2006 recovered a total of \$10.8 million in past environmental cleanup costs, and more than \$1.2 million in natural resource damages for the year. In addition, the Division played a significant role in a series of multi-state lawsuits challenging the federal Environmental Protection Agency's recent weakening of federal Clean Air Act regulations, and engaged in litigation to challenge EPA's attempt to exempt power plants from stringent controls on potentially harmful mercury emissions.

Meanwhile, the Division of Consumer Affairs continued to vigorously enforce the state's consumer protection laws in 2006 while also continuing its outreach efforts aimed at

helping consumers – particularly senior citizens, who are a frequent target of fraud — to avoid being victimized by unscrupulous contractors, phony sales pitches, too-good-to-be-true investment opportunities and other scams. Among other significant actions, the Division filed lawsuits against two major drugstore retail chains — Rite Aid and Duane Reade — alleging that both charged more than the posted price for certain products, and that both sold products that were past the manufacturer's expiration date, including infant formula, baby food and non-prescription drugs.

The Division on Civil Rights demonstrated its ongoing commitment to combating discrimination – and its agility in adjusting to changing societal trends – by prosecuting several cases in 2006 in which landlords had advertised their intention to discriminate via the Internet, then reiterated their discriminatory policies while speaking directly with state-employed “testers.” In all but one case, landlords who were prosecuted had advertised their refusal to rent to children and/or would-be tenants using federal Section 8 rental assistance via a popular Internet site, www.Craigslist.org.

These are just a sampling of the Department of Law and Public Safety's keynote actions and initiatives for 2006. In the pages that follow, there is much more to learn about the Department's Divisions of Alcoholic Beverage Control, Civil Rights, Consumer Affairs, Criminal Justice, Elections, Gaming Enforcement, Highway Traffic Safety, Law and State Police, as well as the New Jersey Juvenile Justice Commission and the New Jersey Racing Commission.

Through enforcement actions, litigation, legal advice, regulatory oversight, policy initiatives, grants to local jurisdictions, awareness forums and other outreach, each of these agencies served to improve the quality of life of New Jersey residents in 2006.

Dovetailing with extensive and varied efforts to protect New Jersey residents in 2006 was a commitment by the Attorney General to keep them as informed as possible regarding Law-and-Public-Safety-related developments by making the Department's Internet Web pages as user-friendly as possible.

Extensive planning went into a ground-up redesign of the OAG Web site that began in early 2006 and continued throughout the year. Careful attention was given to “transparency” between the Department's various divisions and commissions while preserving their unique identities. The new design employed consistent and clear navigation from one division to another. As a result, each division became only a “click” away, since the new design displayed a list of every division on each page. The new design was “modular,” allowing divisions to easily promote and trade space for important programs or upcoming events in much the same way that advertising space would work on a commercial Web site. First out of the gate with redesigns in 2006 were the top-level OAG pages, as well as pages devoted to the Division of Criminal Justice, the Help America Vote Act, and the Office of the Insurance Fraud Prosecutor. The balance of the Department's divisional Web page redesigns were to debut in 2007.

New Jersey is a heavily-traveled “corridor” state, a center for international shipping and air travel, a hub for education, industry and commerce, and a global destination for tourism and legalized gaming. Moreover, New Jersey is home to more than 8 million people, and its population is among the most diverse in the nation.

Protecting a state as complex and multi-faceted as New Jersey is a significant challenge, but the Department of Law and Public Safety remains committed to meeting that challenge, today and in the future.

Stuart Rabner
Attorney General